



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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August 24, 2012

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

## SACRAMENTO UPDATE

### Executive Summary

This memorandum contains information on the following:

- **Joint Legislative Audit Committee Hearing on the Mental Health Services Act.** On August 23, 2012, the Joint Legislative Audit Committee approved a request by Senate President pro Tempore Darrell Steinberg for the Bureau of State Audits to conduct an audit of the Mental Health Services Act to ensure allocation and program expenditures are consistent with existing law. Four counties will be audited including Los Angeles County.
- **Status of County-Advocacy Legislation:**
  - **County-opposed AB 845 (Ma)** – related to restrictions on the importation of solid waste passed the Senate Floor and now proceeds to the Assembly for concurrence.
  - **County-supported AB 1585 (Pérez)** – related to the authority of local housing authorities to transfer housing functions to the State was amended on August 21, 2012 and is currently on the Senate Floor awaiting consideration.

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- **Legislation of County Interest:**

- **AB 345 (Torres)** – related to how redevelopment agencies spend their Low and Moderate Income Housing Funds passed the Senate and now proceeds to the Assembly for concurrence. This office is working with affected departments to determine how this measure would impact the County.
- **AB 404 (Gatto)** – related to regulating property tax agents who represent taxpayers before county assessors and assessment appeals boards was amended on August 21, 2012 to require that a local ordinance include additional requirements. This measure is currently on the Senate Floor awaiting consideration.
- **AB 1496 (Assembly Committee on Budget)** – related to technical clean-up changes to SB 1020 (Chapter 40, Statutes of 2012), the trailer bill which outlines the permanent account structure for 2011 Public Safety Realignment is currently on the Senate Floor awaiting consideration.

Additional information on these items is provided below.

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**Joint Legislative Audit Committee Hearing on Mental Health Services Act**

On August 23, 2012, the Joint Legislative Audit Committee approved a request by Senate President pro Tempore Darrell Steinberg for the Bureau of State Audits to conduct an audit of the Mental Health Services Act (MHSA), commonly referred to as Proposition 63 and enacted by the voters in November 2004. Four counties will be audited including Los Angeles County. The other three counties will include one from the Bay Area, the Central Valley, and the Inland Empire. Los Angeles County was chosen because of its diverse population and size.

Senator Steinberg, one of the authors of Proposition 63, indicated that MHSA is a cornerstone of the public mental health system in California and requested the audit to ensure that allocations and program expenditures are consistent with existing law, especially with respect to reducing homelessness, incarceration, and psychiatric hospitalizations. Senator Steinberg also asked that the audit report provide the Legislature with key findings including the outcomes established and achieved, the populations served, and the involvement of community stakeholders.

A representative from the California Mental Health Directors Association stated at the hearing that the Association welcomes the audit and hopes that it will focus not only on efficiencies, but also on inefficiencies, so that needed program improvements can be made.

State Auditor Elaine Howle said that the audit will commence within the next few weeks, and it will take an estimated seven or eight months to complete.

### **Status of County-Advocacy Legislation**

**County-opposed AB 845 (Ma)**, which as amended on August 14, 2012 would prohibit an ordinance enacted by a city or county from otherwise restricting or limiting the importation of solid waste into a privately owned solid waste facility in that city or county based on place of origin, passed the Senate Floor by a vote of 22 to 14 on August 23, 2012. The measure now proceeds to the Assembly for concurrence.

**County-support-and-amend AB 1585 (Pérez)**, which would allow a local housing authority to transfer housing functions assigned by a city or county of a former redevelopment agency (RDA) to the California Department of Housing and Community Development, if the local housing authority selected does not accept the housing functions or makes a determination to no longer assume this responsibility, was amended on August 21, 2012. As amended, AB 1585 removes the option to declare a "financial hardship" to justify declining a former RDA's request to transfer its housing assets to a public housing agency.

This office and the Community Development Commission have reviewed the amendments and this change does not affect the Housing Authority of the County of Los Angeles' ability to decline the housing functions of a former RDA at its discretion. Therefore, the County will continue to support AB 1585.

AB 1585 is currently on the Senate Floor for consideration.

### **Legislation of County Interest**

**AB 345 (Torres)**, which previously related to traffic control devices, was amended on August 21, 2012. The bill now relates to how redevelopment agencies spend their Low and Moderate Income Housing Funds (LMIHF). This bill is nearly identical to **County-supported SB 450 (Lowenthal)** which passed the Legislature last year but was vetoed by the Governor in September 2011.

SB 345, as amended, would enact a comprehensive set of reforms to the laws governing the use of LMIHF. Specifically, this bill would require RDAs to include

information regarding major audit violations as well as planning and administrative expenses of the LMIHF as part of their annual report. The bill would also require the California Department of Housing and Community Development to conduct audits of RDAs to ensure compliance with the housing provisions of the Community Redevelopment Law. SB 345 also would make changes to which costs and expenses may be considered planning and administrative costs charged to the LMIHF and would require that at least 75 percent of the RDA's expenditures from the LMIHF directly assist in the construction, acquisition, and rehabilitation, or preservation of housing for persons of extremely low, very low, low or moderate income. If enacted, the provisions of AB 345 would become operative on January 1, 2018.

**This office and the Sacramento advocates are working to determine the intent of the Legislature in taking up this bill at this time.** AB 345 passed the Senate Floor by a vote of 28 to 4 on August 23, 2012. This measure now proceeds to the Assembly for concurrence.

**AB 404 (Gatto)**, which as amended on August 9, 2012, would have required the board of supervisors that regulate lobbying before that body to adopt an ordinance to regulate tax agents who represent taxpayers before the county assessor, the county assessor's employees, the county assessment appeals board, the county board of equalization or any assessment hearing officer for compensation. The bill was amended on August 21, 2012, to require the ordinance to include specific provisions regarding annual property tax agent registration, the filing of quarterly reports with the county assessor, and to include the prohibition of certain political contributions.

Specifically, the August 21, 2012 amendments would require that an ordinance include, but not be limited to, the following provisions mandating property tax agents who practice before a county assessor to: 1) register with the executive officer of the board of supervisors within 10 days of becoming a property tax agent; 2) when filing the registration forms, pay any regulatory fee imposed; and 3) register each individual it employs as a property tax agent. The bill would require that these registrations be effective for one calendar year, and would allow boards of supervisors to impose a reasonably necessary fee to cover the costs of regulating these activities. The new provisions would also require that on a quarterly basis property tax agents report to the county assessor's office information that would include the assessor's parcel number for which a property valuation was sought and the status of any appeal for each property. The added provisions would further indicate that a property tax agent shall be prohibited from making any political contributions to an elected county official or a candidate for a county office in that county.

The Executive Office of the Board indicates that this measure attempts to address the need for ensuring increased transparency in the property tax arena, but it does not

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provide an appropriate or effective solution, and we concur. The bill contains no enforcement mechanism and could raise serious due process issues affecting the taxpayer in appeal hearings. The Executive Office further notes this bill would create a large workload and cost impact for both the Executive Office and the Assessor's Office, some of which would be offset through the fee collection. However, without enforcement provisions, this bill would do nothing to add transparency to the process and would place the County in the position of merely collecting fees, the cost of which would be borne by the taxpayer.

As previously reported, there is no Board policy to take a position on this measure; however, this office will continue to closely monitor this measure and will keep you apprised of any issues affecting the County.

No local government agency has taken a position on AB 404. This measure is opposed by the California Association of Clerks and Election Officials; the California Alliance of Taxpayer Advocates; CalCPA; California Retailers Association; the Howard Jarvis Taxpayers Association; Aprea and Micheli; and Colony Realty Partners, LLC, among others. The bill is supported by the California Professional Employees Association.

AB 404 is currently on the Senate Floor for consideration.

**AB 1496 (Assembly Committee on Budget)**, which as amended on August 21, 2012, would make two technical changes to SB 1020 (Chapter 40, Statutes of 2012), the FY 2012-13 State Budget trailer bill that establishes the permanent account structure for 2011 Public Safety Realignment. The two technical changes would: 1) correct errors that were identified in SB 1020 related to the percentage allocation to the Youthful Offender Block Grant and the Juvenile Reentry Grant; and 2) clarify a provision related to the CalWORKs Maintenance of Effort account. AB 1496 is currently on the Senate Floor for consideration.

We will continue to keep you advised.

WTF:RA  
MR:KA:IGEA:ma

c: All Department Heads  
Legislative Strategist  
Local 721  
Coalition of County Unions  
California Contract Cities Association  
Independent Cities Association  
League of California Cities  
City Managers Associations